



Minnesota Hospital Association

MN Rural Health Forum 2023

Joe Schindler

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Minnesota Hospital Association



Hospitals in Minnesota

140 acute care hospitals

107 are part of a health system

33 are independent

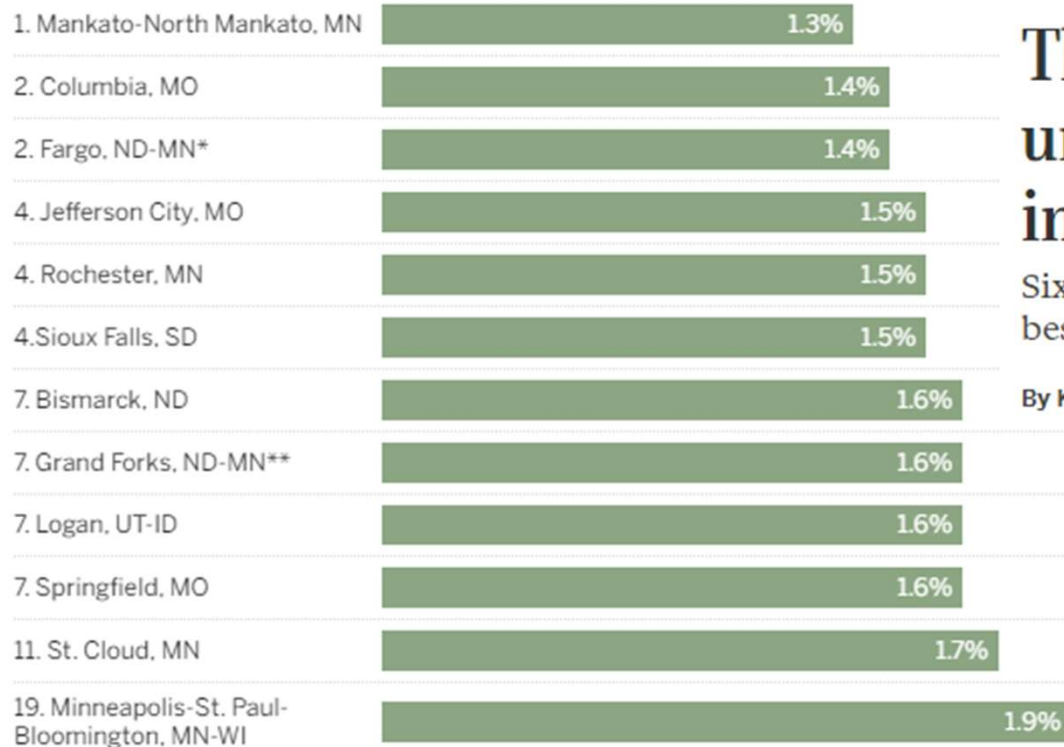
- 28 CAH
- 5 PPS
- 17 District, county or city owned

Record Low Unemployment

Lowest metro unemployment rates in the U.S.

Minnesota cities occupy several spots in the list, well below the U.S. not seasonally adjusted rate of 3.3% in September.

METROPOLITAN AREA UNEMPLOYMENT RATES FOR SEPTEMBER



* Includes Moorhead, Minn. ** Includes East Grand Forks, Minn.

Jim Foster, Star Tribune • Source: U.S. Bureau of Labor Statistics

BUSINESS

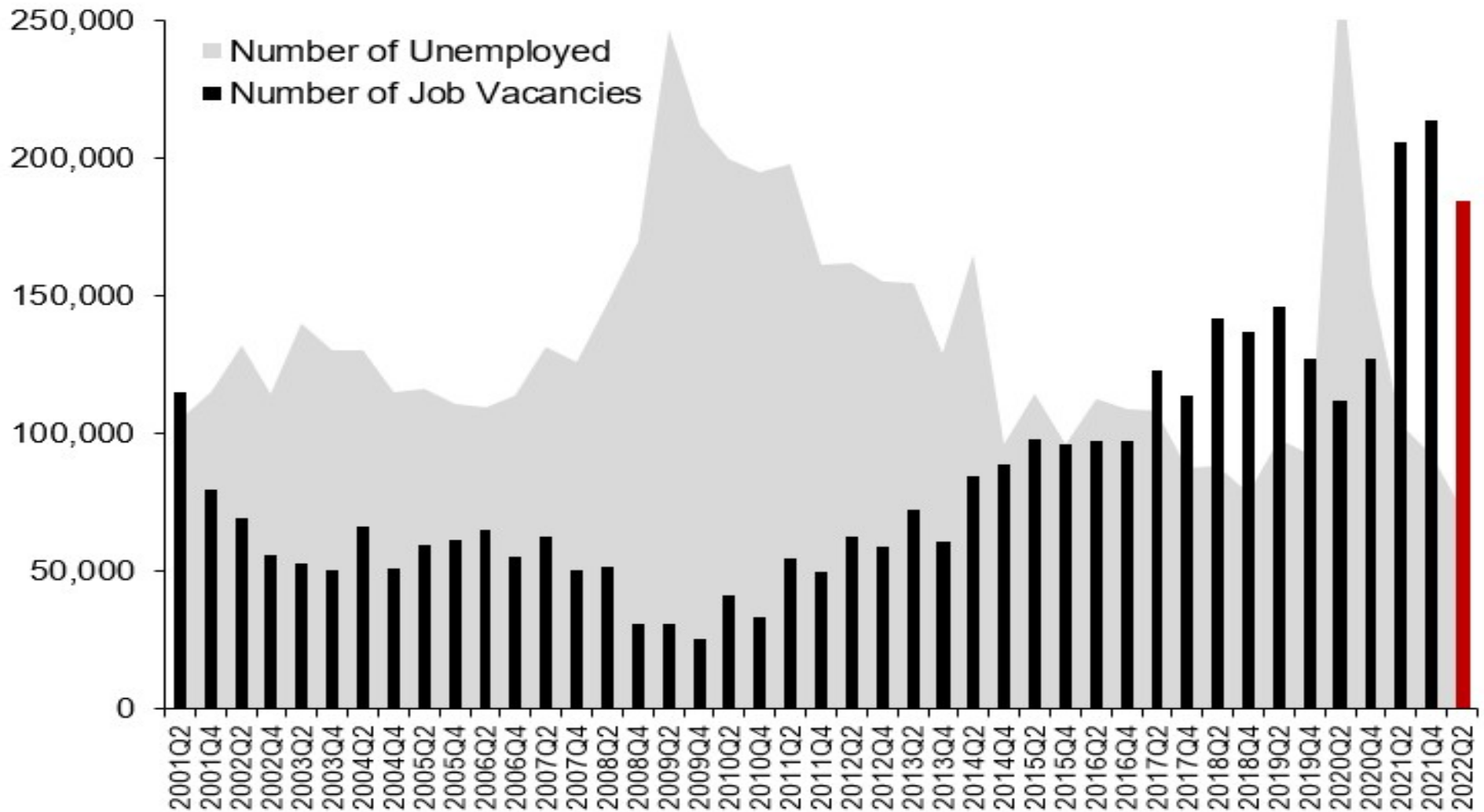
This Minnesota city has the lowest unemployment rate for any metro in U.S.

Six cities in the state or on its border are among the 20 best for jobs right now.

By Kavita Kumar Star Tribune | NOVEMBER 22, 2022 — 1:58PM

Job Vacancies and Unemployed, 2001 –2022

Figure 1. Minnesota Job Vacancies and Unemployed, Second Quarter 2001 to Second Quarter 2022





IN THE NEWS

MHA RELEASES NEW FINDINGS THAT QUANTIFY STARTLING FINANCIALS AND A SPIKING STATEWIDE WORKFORCE CRISIS

With nearly 10,000 open positions, Minnesota hospital and health system financials are down significantly

Oct. 24, 2022, Saint Paul, Minn.— The Minnesota Hospital Association (MHA) released new data today that highlight plunging hospital and health system financials that are being exacerbated by the spiking health care staffing crisis. With an almost 250% one-year increase in job vacancy rates, a 172% decline in year over year financials for acute care hospitals, exponentially rising labor and supply costs, and the need to rely on temporary staffing, there is an intense strain on the state’s hospitals and health systems.



‘Alarming’: New report highlights staffing concerns in health care facilities

Michelle Wiley October 26, 2022 4:59 PM



HEALTH

New report calls health care workforce shortage "alarming"

The Minnesota Hospital Association reports 9,823 open positions in hospitals and health systems.



Minnesota hospital job vacancies triple in one year

Transition to more part-time work is increasing pressure on hospitals to maintain full staffing levels and patient care.

By Jeremy Olson Star Tribune | OCTOBER 25, 2022 — 11:29AM

MHA's workforce DB 2023

Employed
82,971

FTE
59,050

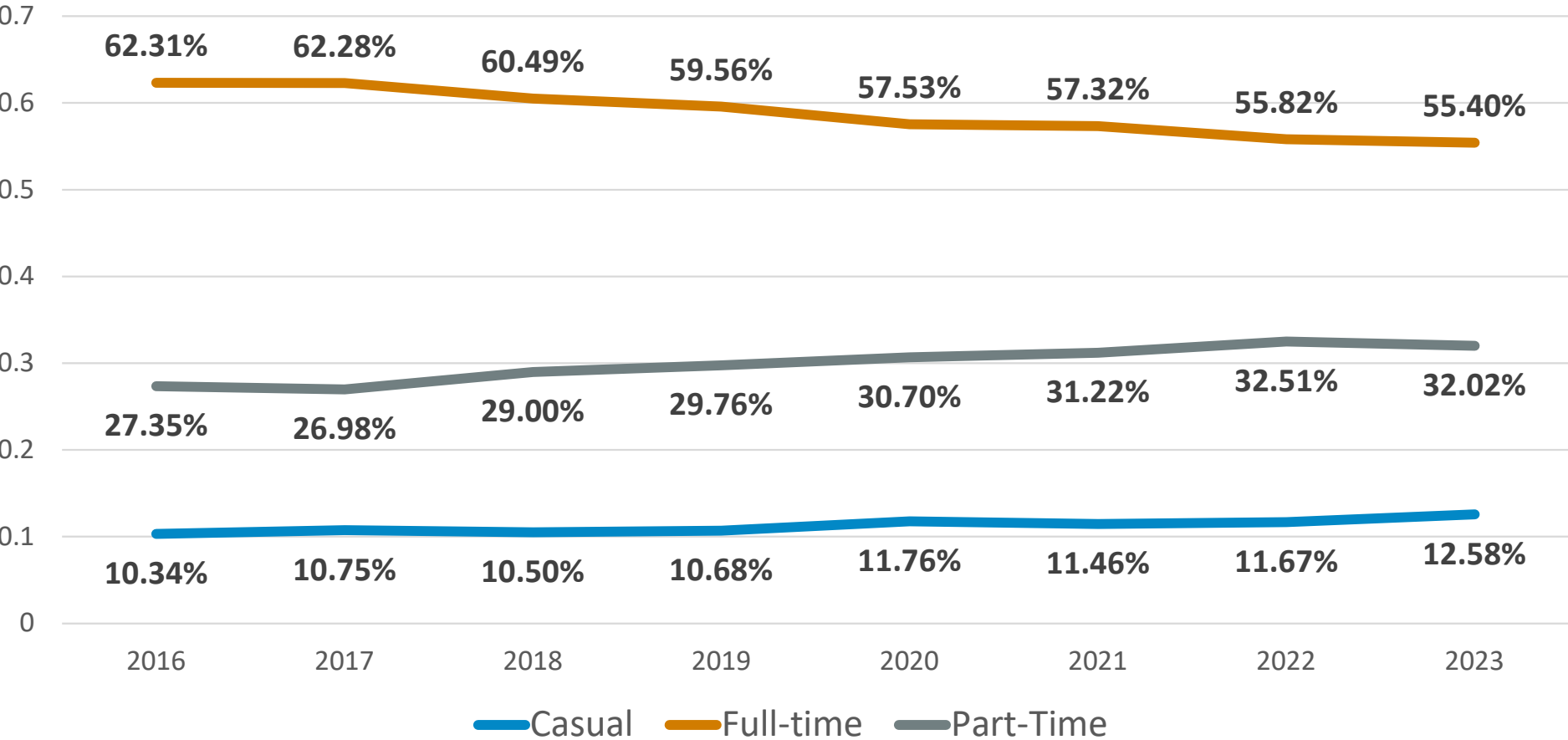
New Hires
13,963

Turnovers
12,840

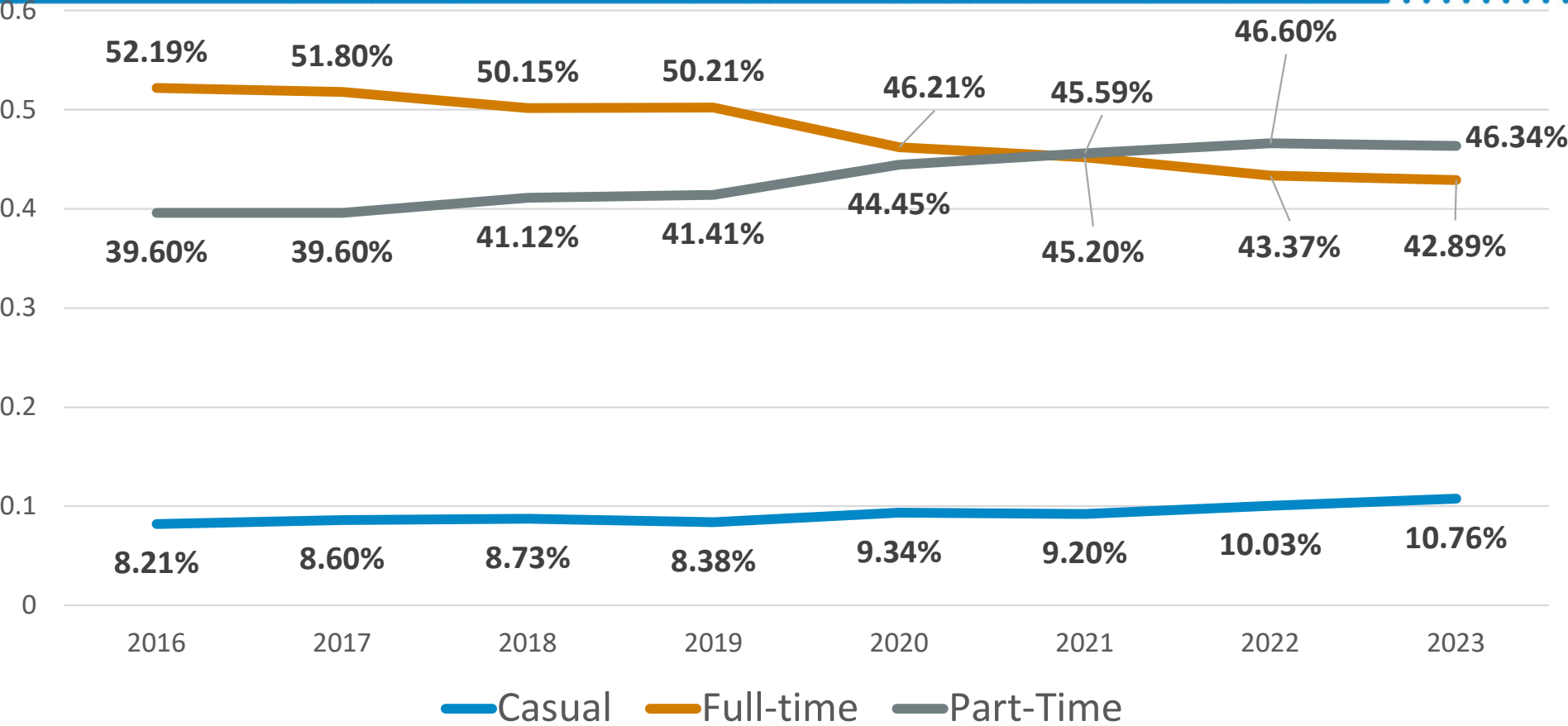
FTE Vacancies
5,959

Vacancy Rate
17.34%

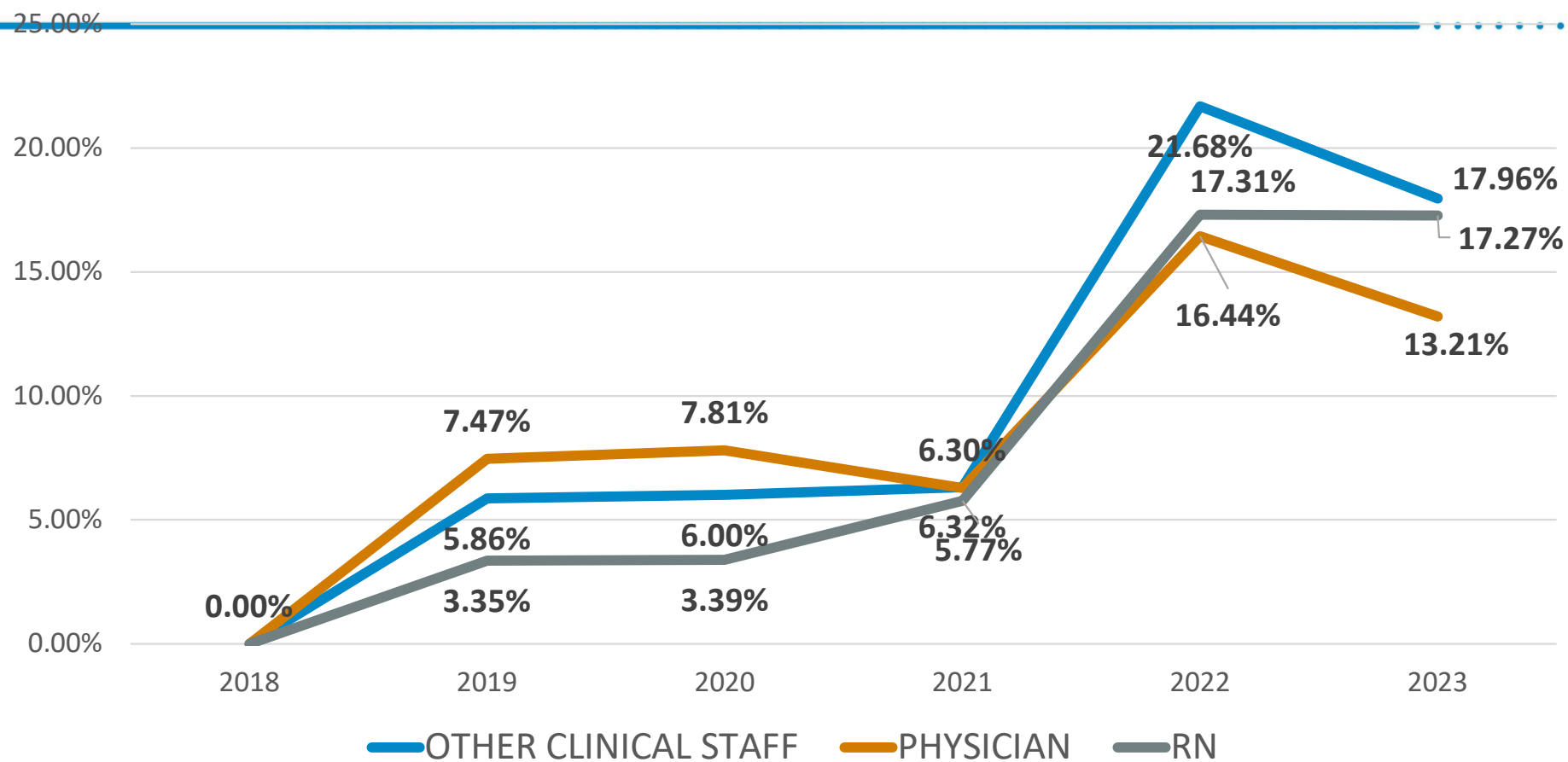
Full-Time vs. Part-Time



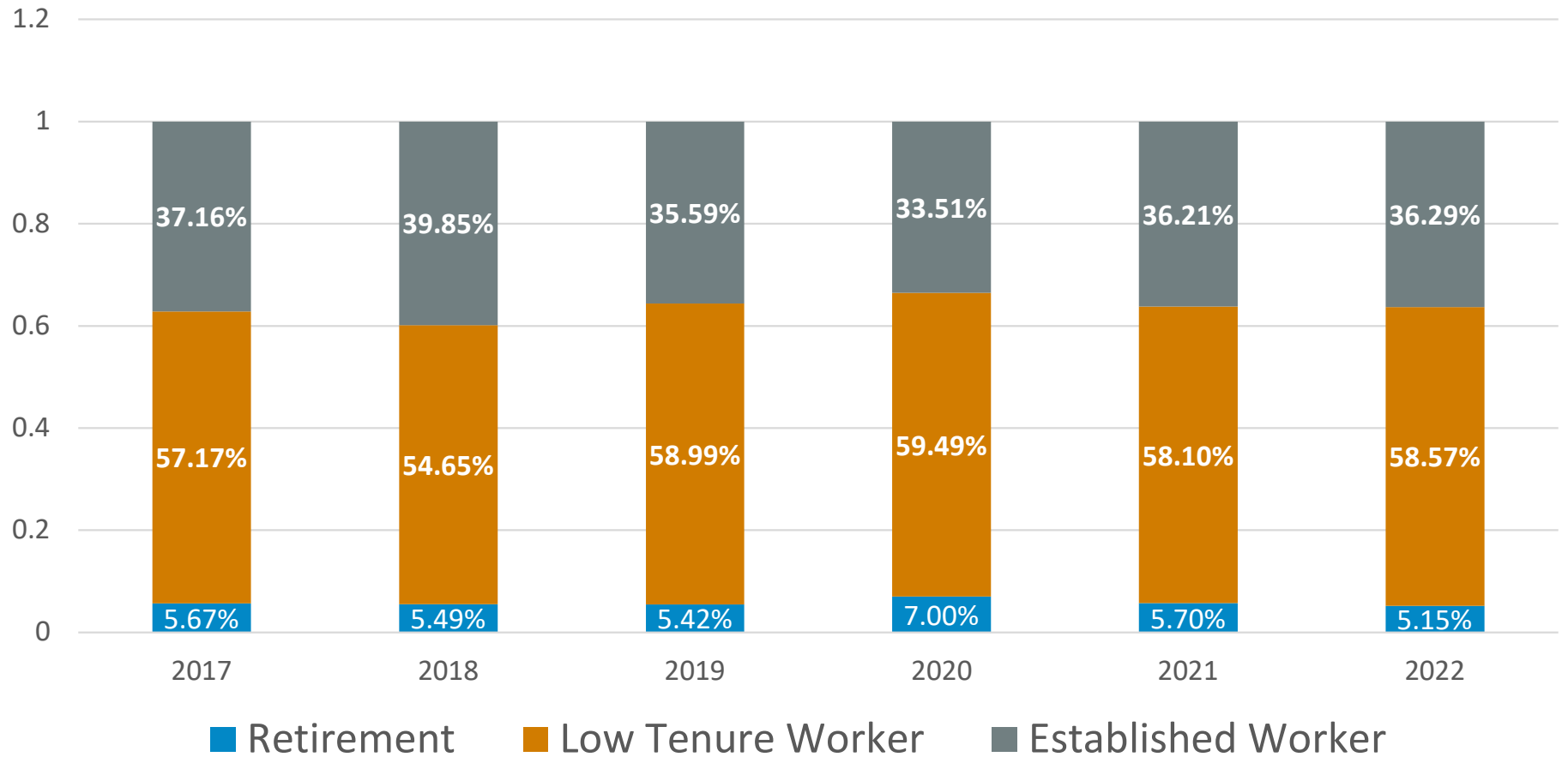
Distribution of Registered Nurses



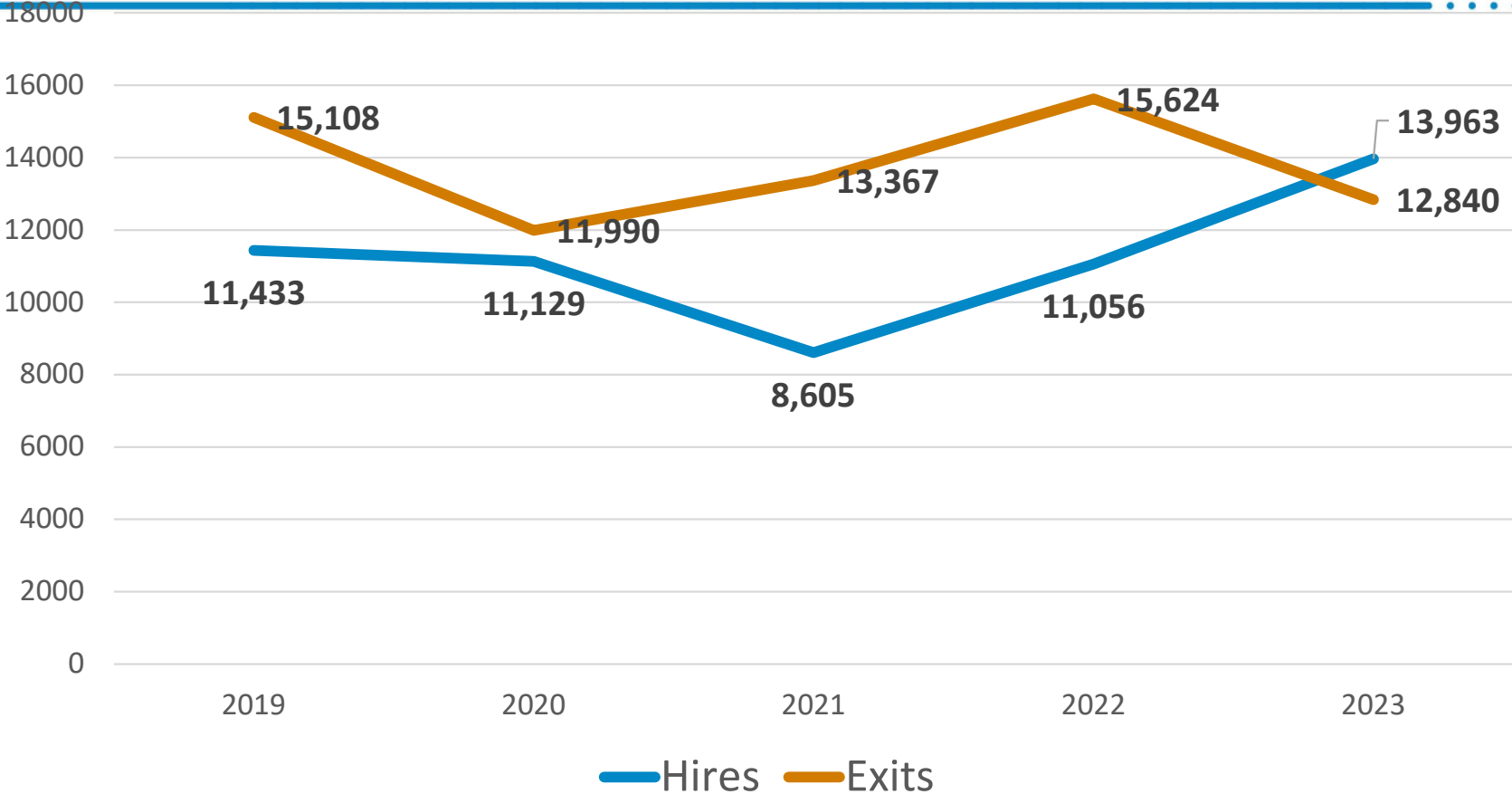
Vacancies



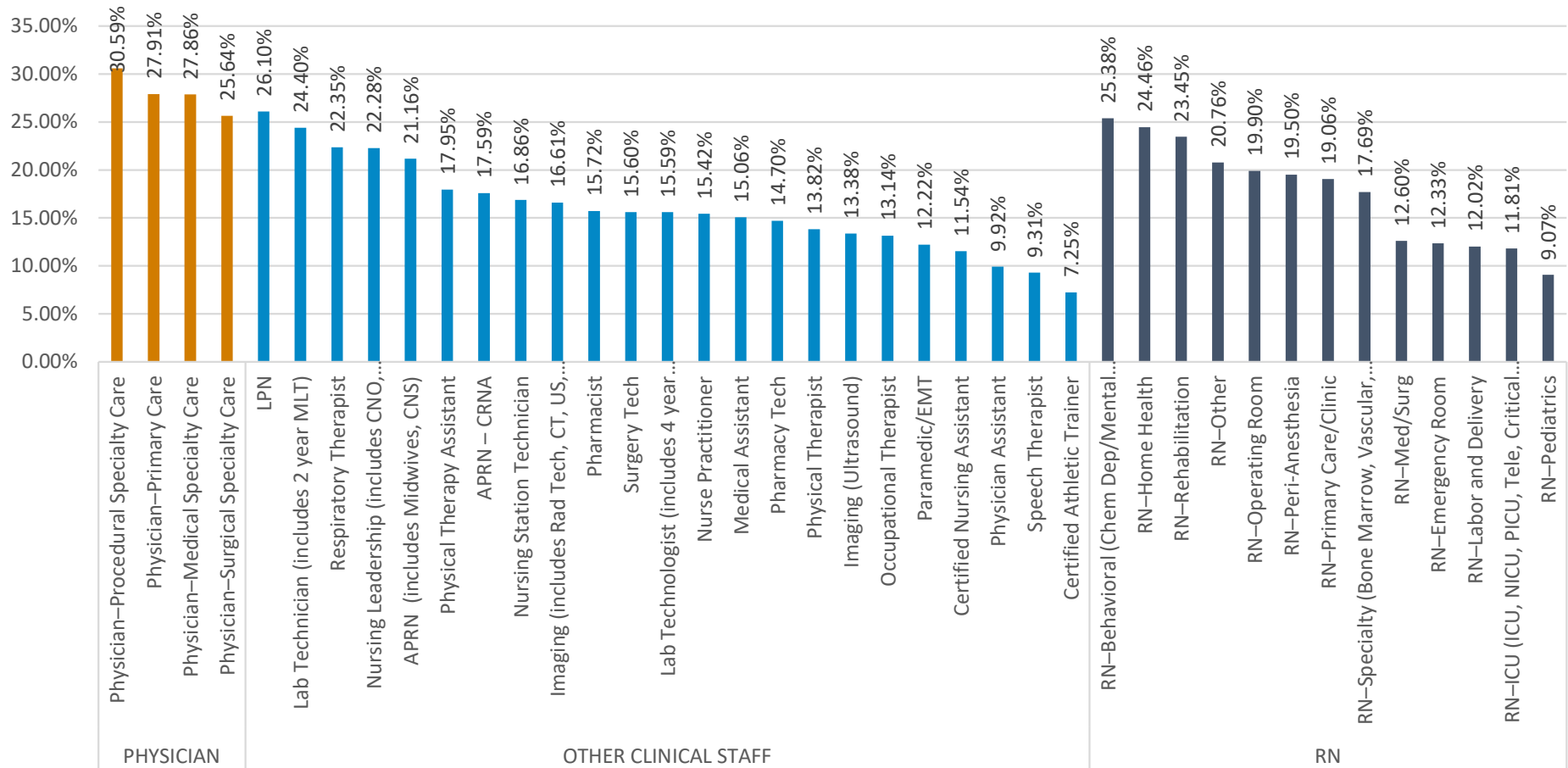
Turnover by Tenure



Exits vs. Hires



Retirement Outlook by Occupation



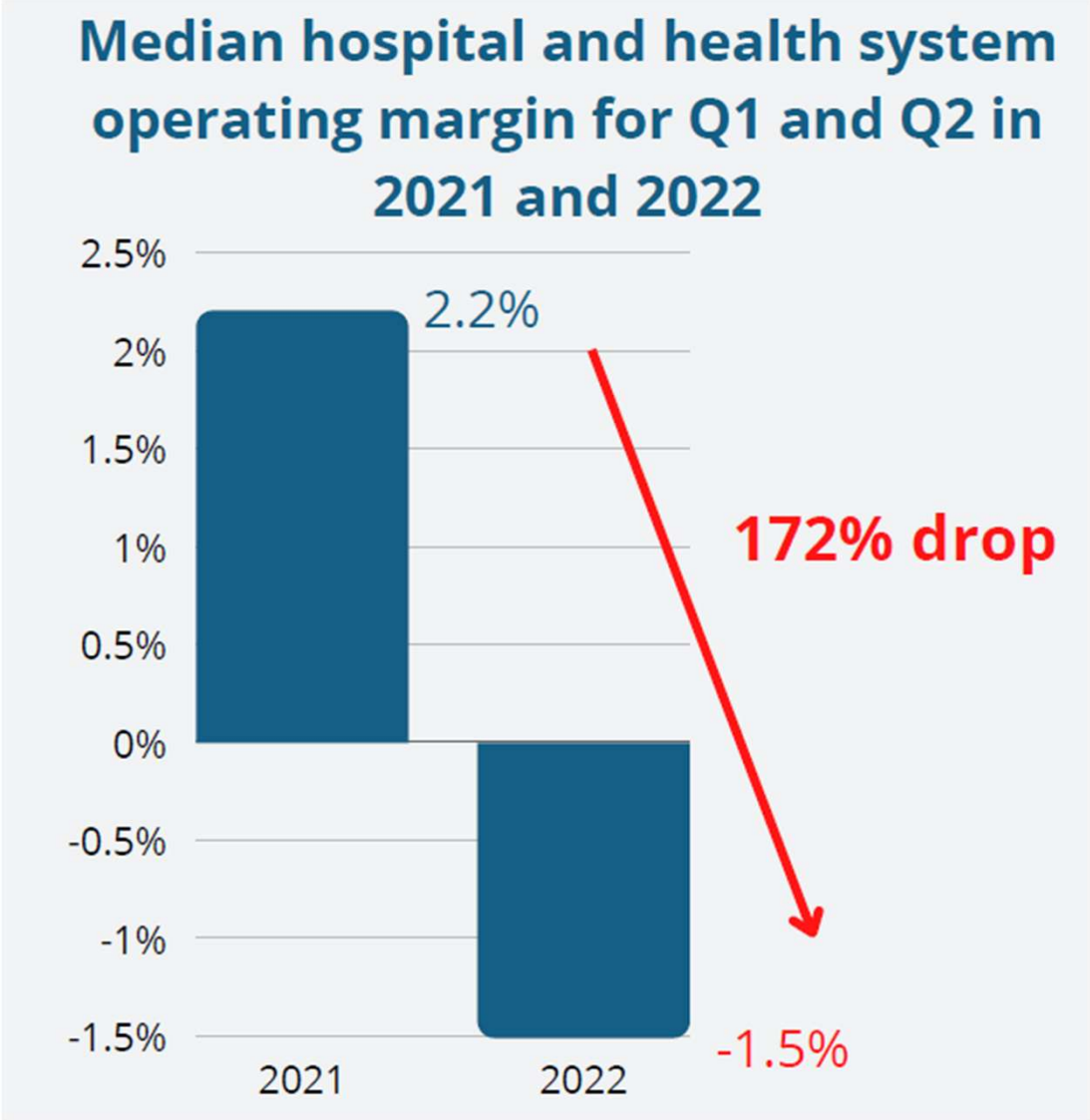
MHA Workforce Innovation and Good Catch for Patient Safety Awards



Minnesota Hospital Association

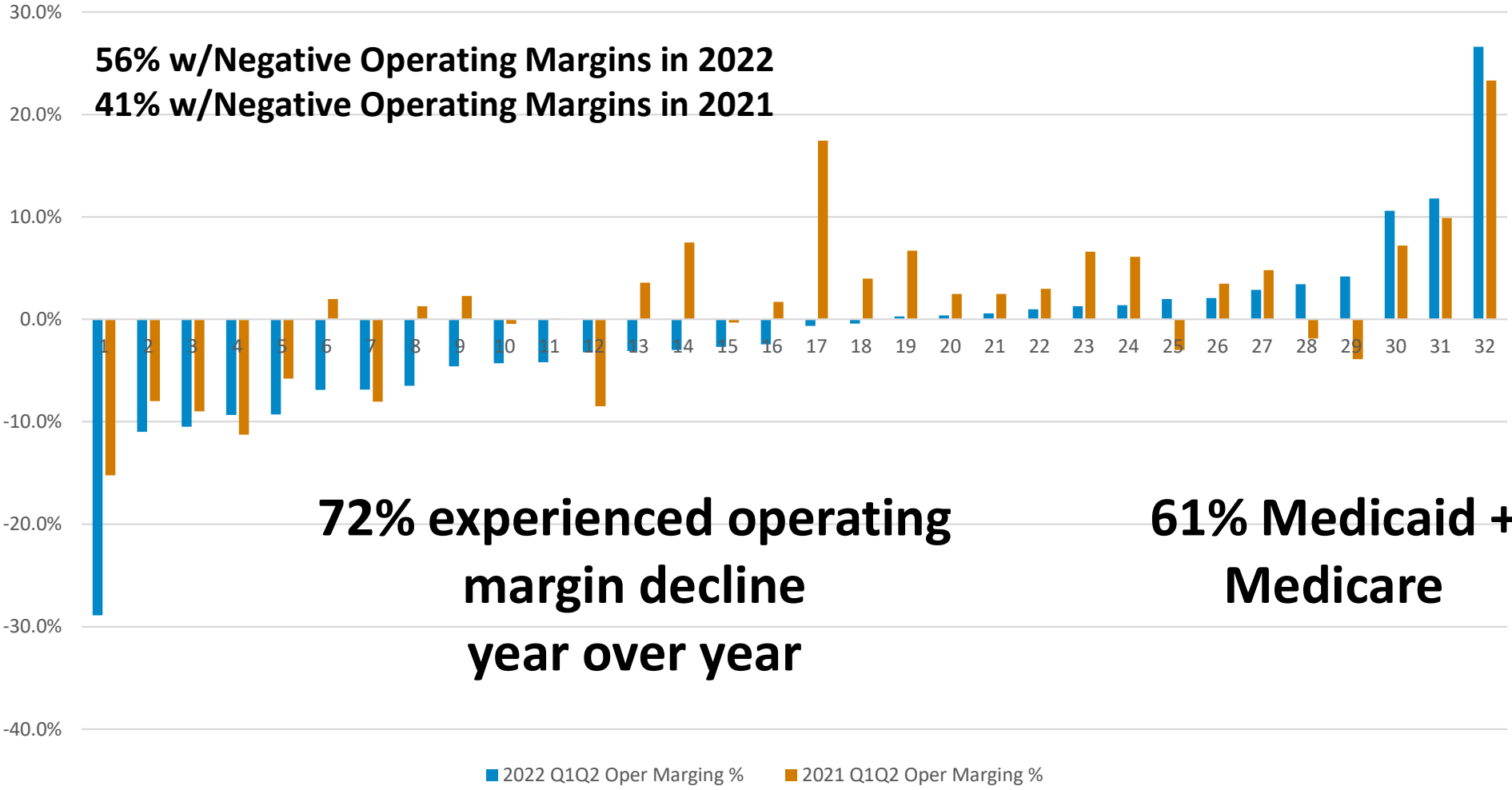
Financial State of Hospitals and Health Systems

Operating Margin

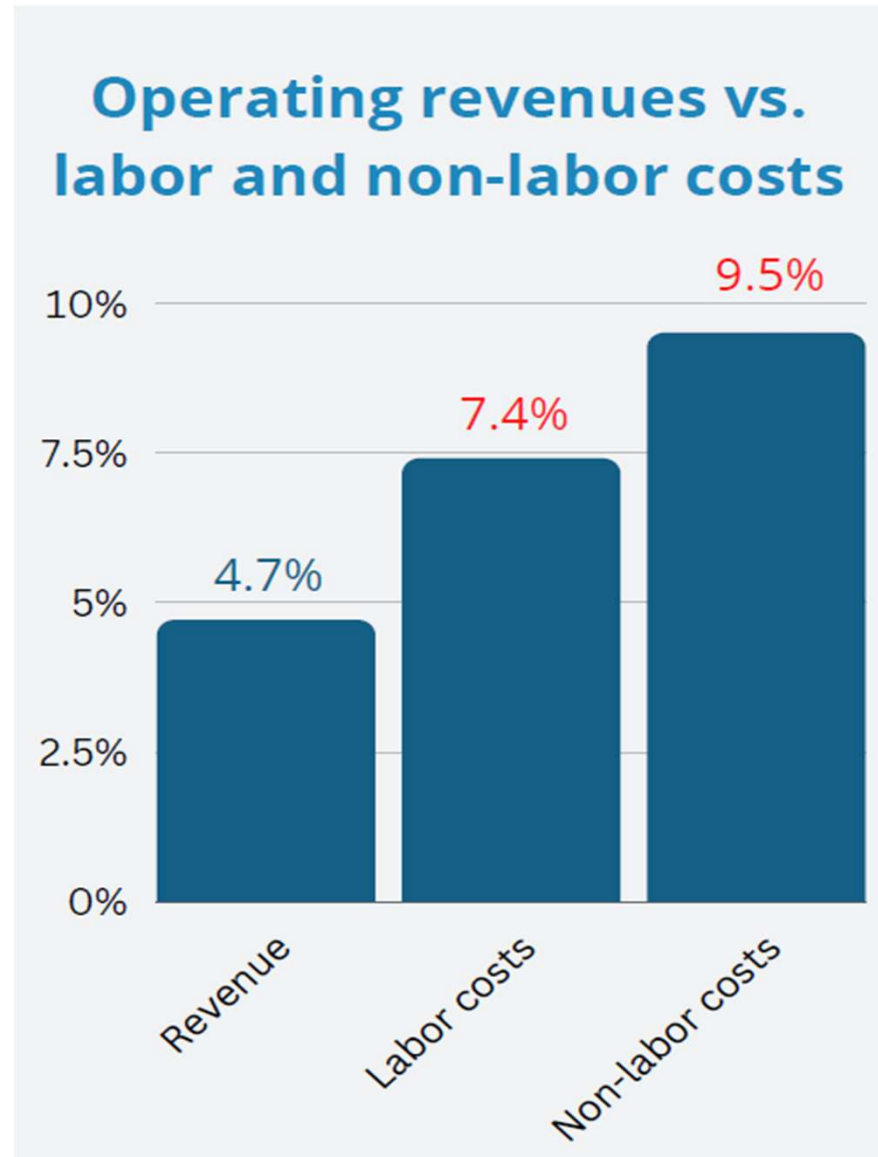


Operating margins spread

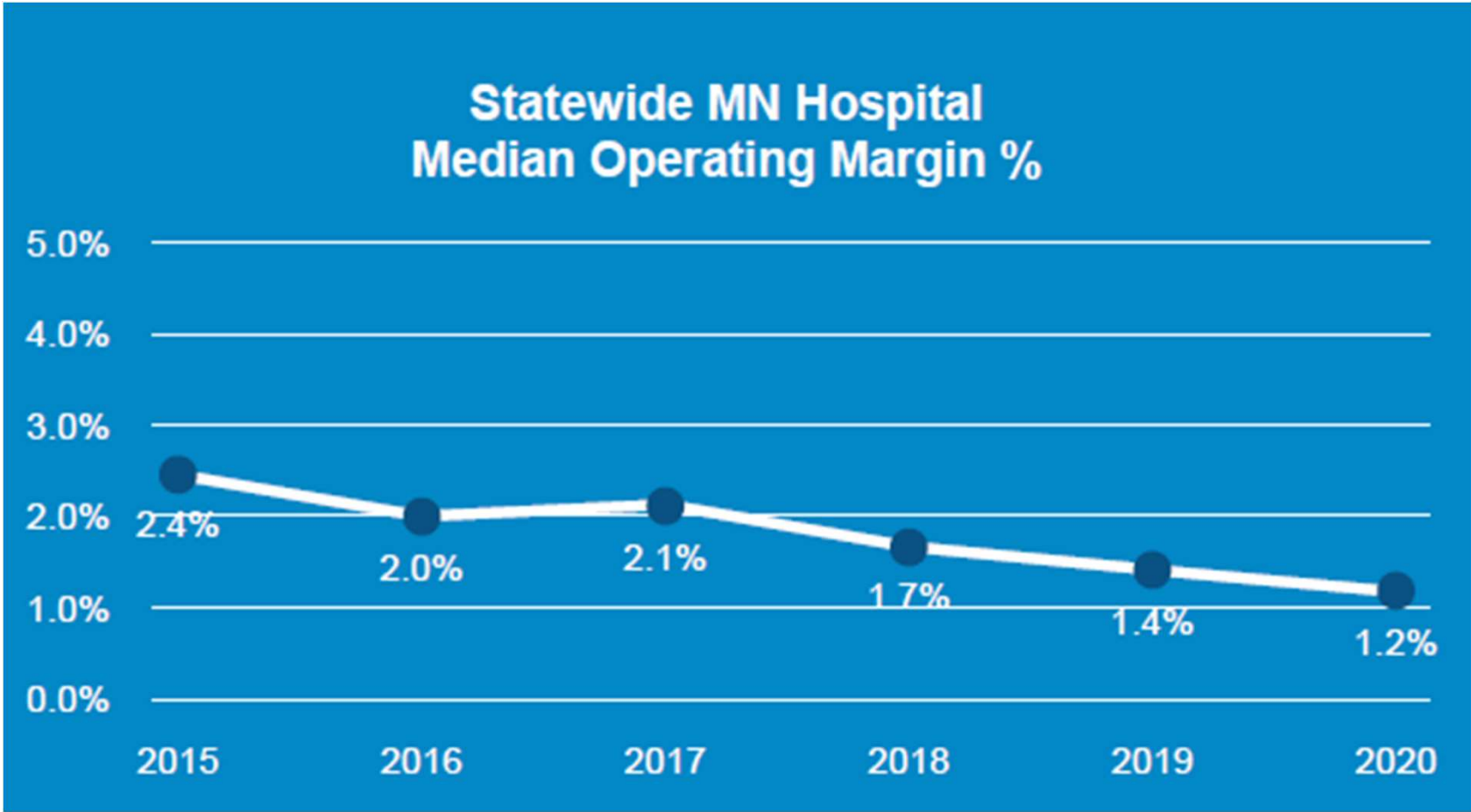
2022 over 2021 Q1&Q2 CY totals



Operating Revenue and Costs

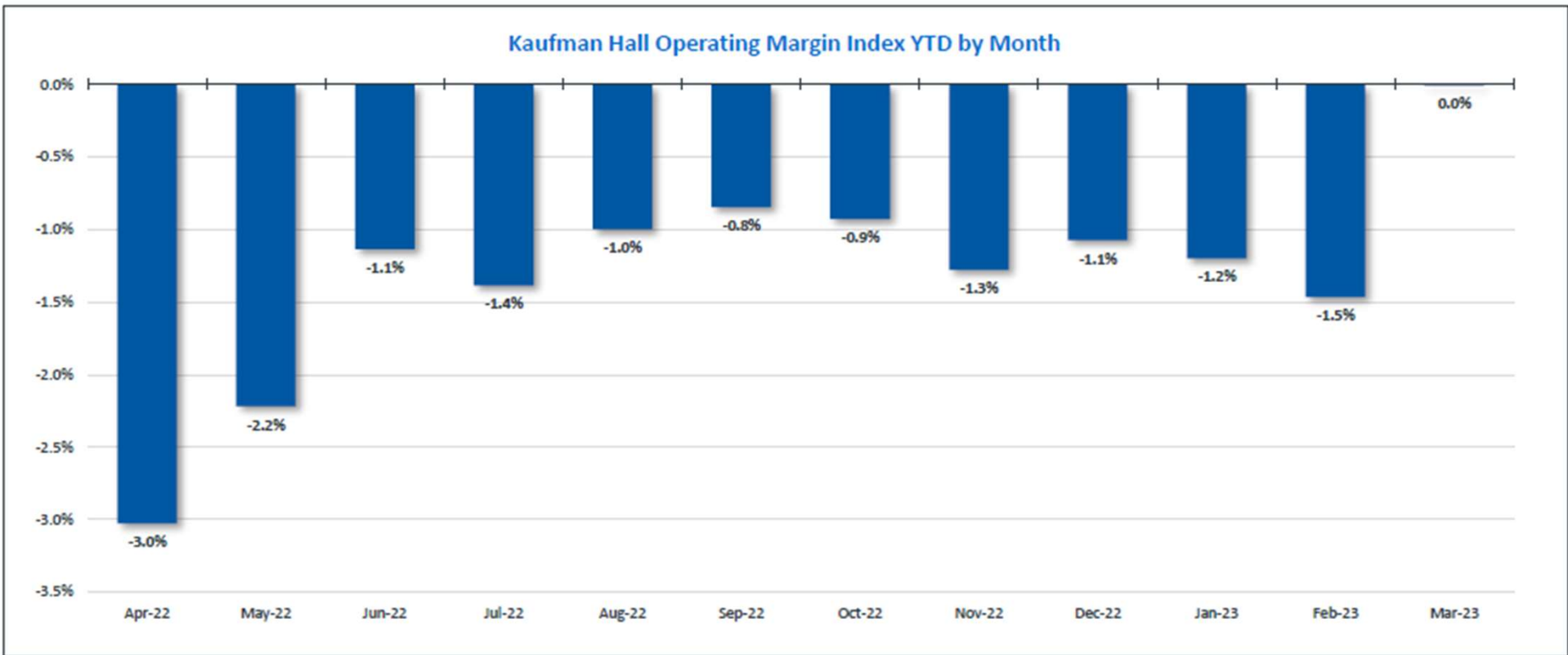


Statewide Hospital Operating Margin Trend



National trend of Operating Margin

Operating Margin



Kaufman Hall, National Hospital Flash Report (April 2023)

* Note: The Kaufman Hall Hospital Operating Margin and Operating EBITDA Margin Indices are comprised of the national median of our dataset adjusted for allocations to hospitals from corporate, physician, and other entities.

Drivers of financial stress

Revenue constraints:

- Medicare & Medicaid reimbursements below cost
- Uncompensated care
- Pausing procedures/lack of staff
- Low margin services

Expense constraints:

- Workforce costs wage hikes, premium pay, agency staffing costs
- Cost inflation of patient care supplies, pharmaceuticals, PPE, EHR, utilities, high-tech equipment

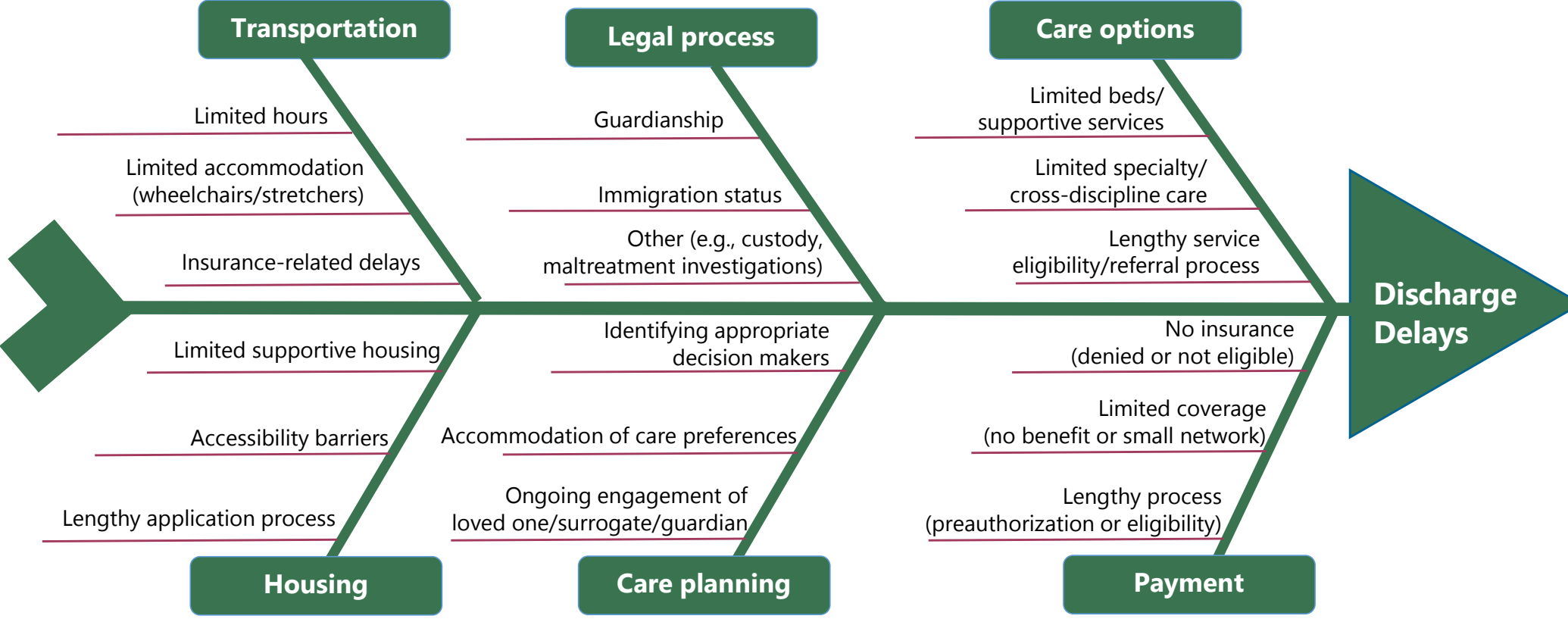
Hospital discharge delays

- Adults awaiting nursing home or transitional care units
- Pediatrics awaiting group homes, foster care and pediatric residential treatment facilities

MHA 1-week survey found:

- 1,984 total discharge delays
- 14,622 accumulated patient days
- Estimated \$37 million unreimbursed costs

Summary of external factors impacting discharge delays



Advocacy



MHA's Advocacy Priorities

- Finance and reimbursement
- Health care workforce
- Mental health
- Protecting the 340B Drug Pricing Program
- Defense against mandates

Nurse Staffing Ratios Mandate: Keeping Nurses at the Bedside Act (KNABA)

The proposal moves the work and decision-making authority of the chief nursing officers (CNOs) to two new mandated committees.

1. The Hospital Nurse Staffing Committee:

- 35% direct care registered nurses, and
- 15% must be other direct care workers
- The other 50% is determined by the hospital. If the hospital has a collective bargaining agreement, the direct care employees will be appointed by the union.

The duties include:

- creating written staffing plans that specify how many patients a registered nurse would be assigned,
- establishing an anonymous method for submitting safe staffing forms,
- and submitting an analysis of the forms to MDH.

2023 KNABA bill, continued

2. Hospital Nurse Workload Committee:

- Must create, implement, and maintain dispute resolution procedures to address concerns raised in the anonymous submitted safe staffing forms. If these complaints are not resolved within 30 days, the matter will go to arbitration.
- The bill also calls for arbitration if the staffing committee does not reach agreement on the staffing plan. If the hospital does not accept the staffing plan approved by a majority of the staffing committee, they may opt to go to arbitration, but must implement the staffing ratios from the staffing committee in the meantime.

2023 KNABA bill, continued

- Prohibits a charge nurse from having patient assignments.
- MDH must create a public grading system for hospitals based on the unsafe staffing reports, adherence to staffing plans, and incidences of violence. Include any occurrences of the hospital performing an elective surgery if the unit is out of compliance with the staffing plan.
- The bill includes numerous requirements for posting the staffing plans and staffing ratios in hospital units and patient rooms.



 **StarTribune**

Caution on nurse staffing reforms

A grave labor shortage and dire hospital finances make this a dubious time to pass reforms that would likely require more hiring.

By Editorial Board Star Tribune

MARCH 18, 2023 — 6:00PM



Minnesota Hospital Association

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70,000 MINNESOTANS COULD

L  **SE ACCESS TO**
H  **OSPITAL CARE.**

WHAT IF IT'S YOU?

OPINION EDITORIALS



Our View: Legislating nurse staffing levels threatens care

From the editorial: "Compromises demand to be found ... — beyond divisive rhetoric and misleading "patients before profits" lawn signs ... that only erode public trust ... and turn away prospective health care students."



SF 1561

Keeping Nurses at the Bedside Act

SENATE



SF 2995

AN ESTIMATED 70,000

Omnibus health and human services appropriations

SENATE



SF 1561

Mary Krinkie
Vice President, Government Relations, MN Hospital Association

Keeping Nurses at the Bedside Act

SENATE

What passed

- Loan forgiveness for RNs
- Workforce violence prevention training
- MDH study on why RNs are leaving

Finance and reimbursement

- Improve state's Medicaid reimbursement program. Current IP reimbursement estimated at 27% below cost.
 - Current rates based on base year costs from 2018
- Seek funding for “decompression” LTC sites to help with hospital capacity issues. Link LTC funding to hospital discharges.
- Pursue a legislative initiative on improving hospital discharges. Seek some type of payment for avoidable inpatient days and ER boarding days.
 - **\$18 million secured in a last-minute deal!**

Protecting the 340B program

Continue to advocate against any state changes in the 340B program.

- A proposal to capture more 340B rebate savings by moving PMAP pharmaceutical payments to fee-for-service Medicaid
- State mandate calling for 340B reporting requirements
- MHA estimates a nearly \$100 million negative impact to hospitals

Workers Compensation bill

Workers Compensation Advisory Council WCAC

Hospital-related policies:

- Study of PTSD Presumptive Eligibility for direct care RNs
- Outpatient fee schedule rates to decrease 10% over the next 3 years
- Medical Records fees amended to:
 - \$30 for the first 50 pages
 - \$50 for 51-100 pages
 - \$0.20 per page after 100 pages

Reducing bad mandates

- Public option MinnesotaCare
- Regulation of health care transactions
- Eligibility screening for public program health coverage & charity care – now with portions of AG agreement
- Survivorship
- Paid family and medical leave

Workforce -- Funding items

- Push Allied Health Professional Scholarship Bill, original 2022 bill was 1,000 scholarships of \$5,000 each.
- Increase funding for the Summer Health Internship Program.
- **Increase funding for the Dual Training Pipeline Program: a funding increase coming**
- Support more funding for loan forgiveness programs.
- Support Health Care Preceptor temporary tax credit.

2023 MHA Federal Advocacy Focus Areas

Finance and Reimbursement

- Increase access to coverage
- Streamline and enhance value-based care
- Increase investment in long-term care
- Improve oversight of Medicare Advantage
- Prevent Medicaid DSH cuts scheduled for 2024
- Explore new federal hospital designations

Health Care Workforce

- Provide additional funding for federal workforce development and education
- Add additional GME positions
- Improve immigration visa process for health care
- Establish legal protections from assault and intimidation for health care professionals

Mental Health

- Increase access and affordability of community mental health services and supports
- Ensure mental health payment parity

340B Drug Pricing Program

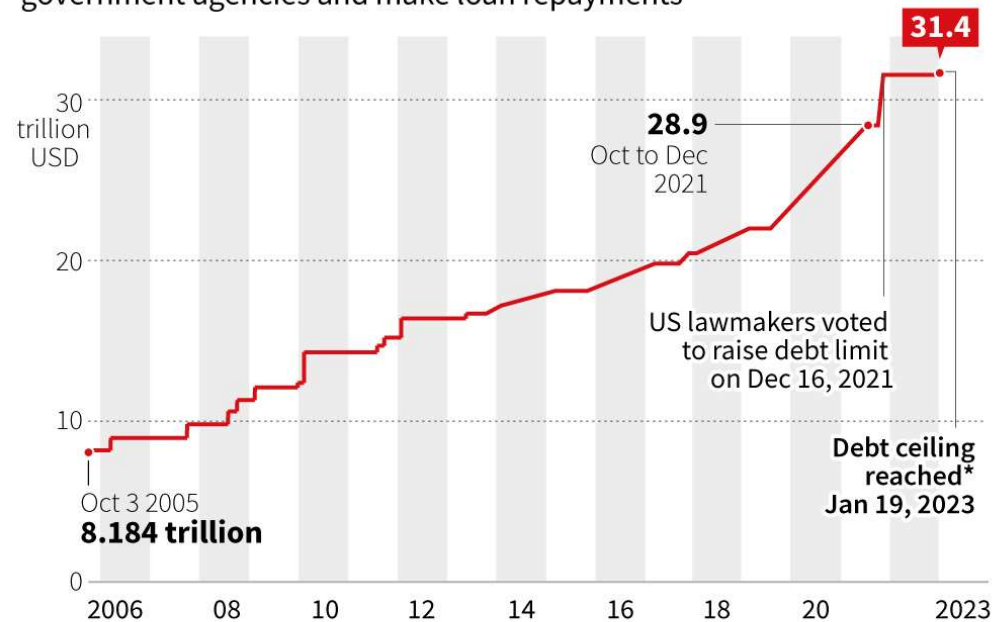
- Maintain the program and allow for continued eligibility flexibilities due to ongoing financial instability
- Fight back against big pharma abuse

Ongoing Debt Limit Negotiations

- Democrats want a clean measure to increase or suspend the debt limit
- House Republican proposal – Limit, Save, Grow Act
- House Problem Solvers Caucus proposal

US debt ceiling

The amount above which the country cannot issue new loans to fund government agencies and make loan repayments



Source: US Treasury

*govt can operate until July-Sept with "extraordinary measures"



FY2024 Inpatient PPS proposed

- DataGen impact reports sent
- Inpatient PPS reimbursement to increase by a net 2.8% after 0.2% productivity reduction
- Allow GME payments to REHs, like CAHs
- Continue low wage index policy to treat geographically reclassified from urban as rural
- Permit use of web-based surveys for HCAHPs
- Require reporting of “up to date” vaccination status for the IP Quality Reporting of healthcare personnel COVID-19 vax measure

End of the Public Health Emergency

- Biden administration announced ending May 11
- Many flexibilities will end including:
 - SNF beds available for patient not meeting SNF requirements
 - Medicare COVID-19 add-on payment
 - Medicare DSH & 340B impacts to rural PPS
- Most Medicare telehealth flexibilities now extended through 2024

End of the Public Health Emergency – CAH impacts

- Flexibilities
- 25 bed limit
- 96-hour length of stay
- Off-site surge capacity
- MD/DO must be onsite for medical direction, consultation and supervision
- 3-day qualifying stay for Swing Bed care
- Compliance with minimum personnel qualifications for NPs, PAs and clinical nurse specialists

Rural Emergency Hospitals

- Law passed by Congress in December 2020 created a new Medicare provider type that would provide no inpatient care, only 24-hour emergency services
- A CAH or small rural hospital with no more than 50 beds can convert and begin providing services in 2023
- Reimbursed at Outpatient Prospective Payment System (OPPS) + 5% and Additional Monthly Facility Payment of \$268,294 [\$3.2 million annually]
- MHA submitted comments:
 - 2022 OPPS proposed rule request for information
 - August 2022 REH conditions of participation released
 - 2023 OPPS proposed rule – asked CMS to allow REHs to participate in the 340B program, revert to their previous designation if desired, and maintain their number of licensed inpatient beds

MHA work on REH through Rural Flex funding

- Data assessment work
- Webinars
- Website of resources
- Connect with Technical Assistance
- Advocate for licensing and other provisions of support

Medicare Advantage policies and procedures

- February 2023 proposed rule from CMS on FY 2024 policy and technical changes to Medicare Advantage
- MHA supported proposals to implement additional oversight and patient protections to ensure MA enrollees aren't subjected to restrictive rules and misleading marketing practices
- *April 2024 final rule increases oversight, streamlines prior authorization, requires denial reviews by health care professionals with relevant expertise, and protects patients from misleading advertising*

Interoperability and Prior Authorization

- March 2023 proposed rule from CMS to advance interoperability and improve prior authorization processes for Medicare Advantage, Medicaid, and CHIP
- MHA supported proposals to establish timeliness standards for prior authorization and require electronic exchange of information between payers and providers

Telehealth prescribing of controlled substances

- March 2023 proposed rule from the Drug Enforcement Administration on prescribing controlled medications via telemedicine beyond the end of the COVID-19 public health emergency
- MHA submitted concerns about limiting access to mental health and substance use disorder services
- *May 2023 temporary rule to extend telehealth flexibilities through Nov. 11, 2023. Any telemedicine relationships established before Nov. 11, 2023 can continue without additional requirements through Nov. 11, 2024*

Thank you!

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